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Willem Daman

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ECKERT SEAMANS CHERIN & MELLOTT, LLC

U.S. STEEL TOWER

600 GRANT STREET

PITTSBURGH, PA 15219-2788

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FELTEN, DANIEL S

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* WILLEM DAMAN and  
JAMES A. MCINNES

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Appeal 2009-003999  
Application 09/767,126  
Technology Center 3600

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Decided: March 8, 2010

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*Before* HUBERT C. LORIN, ANTON W. FETTING, and  
BIBHU R. MOHANTY, *Administrative Patent Judges*

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

## STATEMENT OF THE CASE

Willem Daman, et al. (Appellants) seek our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 1-37. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We AFFIRM-IN-PART.<sup>1</sup>

## THE INVENTION

This invention is “an automated auction system which supports technology for information updates, a large number of simultaneous transactions, rapid decision-making and auction closure.” Specification 18:20-23.

Claim 21, reproduced below, is illustrative of the subject matter on appeal.

21. A method for conducting a transaction, comprising the steps of:
- identifying a subject;
  - specifying a set of rules relating to a transaction involving the subject;
  - implementing the set of rules of transaction proximate to a client for ensuring compliance with each of said rules;
  - efficiently communicating transaction information from the client to a server complying with said rules; and
  - receiving, at said server, transaction information from a client.

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<sup>1</sup> <sup>1</sup> Our decision will make reference to the Appellants’ Appeal Brief (“Br.,” filed Feb. 7, 2008) and the Examiner’s Answer (“Answer,” mailed May 29, 2008).

### THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Alaia	US 6,230,146 B1	May 8, 2001
Friedland	US 6,449,601 B1	Sep. 10, 2002

The following rejection is before us for review:

1. Claims 1-37 are rejected under 35 U.S.C. §103(a) as being unpatentable over Friedland and Alaia.

### ISSUE

The issue is whether claims 1-37 are obvious under 35 U.S.C. §103(a) over Friedland and Alaia.

### FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

#### *The scope and content of the prior art*

##### Friedland

1. Friedland describes a distributed live auction (DLA) system, where live auctions are conducted in the presence of remote bidders via the Internet. Col. 2, l. 66 – col. 3, l. 2.

2. Friedland's DLA system having an auction server, which is connected to the remote bidders, through the Internet. Col. 8, ll. 6 - 17.
3. Friedland describes that the auction server is connected to the remote bidders via a hierarchy of collector/redistributor nodes. Col. 9, ll. 13-38.
4. Friedland states:

Similarly, the hierarchical interconnection of collector/redistributor nodes allows for filtering bids, using a variety of criteria, including lot and auction ID verification, bid value, and various bid inventory checks. The bid inventory checks include checks to make sure that there is sufficient inventory available for a particular bid and to make sure the bid meets minimum inventory requirements established on the floor by the auctioneer, e.g. minimum quantities in quantity lots. Only valid bids with the highest detected bid prices submitted by the remote bidders' computers connected to a particular collector/redistributor node are propagated back towards the server computer 404. This greatly reduces network traffic and message handling in upstream collector/redistributor nodes, the server computer 404, and the on-site computer 402.

Col. 9, ll. 49-63.
5. Friedland states that the hierarchy of collector/redistributors nodes "efficiently" collects and filters bids and passes potentially winning bids onto the auction server. Col. 3, ll. 23-26.
6. In the Background of the Invention, Friedland describes two types of auctions - Yankee auctions, which begin with a low asking price that is increased, and Dutch auctions, which begin with a high price that is decreased. Col. 2, ll. 6-11.

7. In column 8, lines 10-50, Friedland describes that the DLA auction server 312 broadcasts status updates via the Internet 314 to a number of remote bidders and that the updates need to be received in time periods on the order of a second or less.
8. Friedland describes the status messages includes information about remaining inventory in the identified lot and a text field, which could include other information about the status of the auction.
9. Friedland describes some states of auction as “open-for-bidding,” “presold,” “fair warning,” “last chance,” “sold,” and “inventory reduction.” Col. 7, ll. 26-29

Alaia

10. The Examiner cited Alaia to teach decision rules. Answer 5.  
*Any differences between the claimed subject matter and the prior art*
11. Friedland does not describe automatically maintaining synchronization of a clock at each remote location.  
*The level of skill in the art*
12. Neither the Examiner nor the Appellants have addressed the level of ordinary skill in the pertinent art of transaction processing networks. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown’”) (Quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985)).

*Secondary considerations*

13. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

*Obviousness*

Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Graham*, 383 U.S. at 17-18.

## ANALYSIS

*The rejection of claims 1-37 under §103(a) as being unpatentable over Friedland and Alaia.*

### *Claims 1 and 5*

The Appellants argue claims 1-5 as a group. Br. 15-16. We select claim 1 as the representative claim for this group, and the remaining claim 5 stands or falls with claim 1. 37 C.F.R. § 41.37(c)(1)(vii) (2009).

Claim 1 recites a step of “decrementing the offer price over time.” The Appellants argue that, while Friedland does mention a descending price auction, Friedland’s distributed live auction system is an ascending price auction. *See* Br. 15-16. Friedland mentions that Dutch auctions are a type of auction where the price decreases in the Background of Invention. FF 6. Therefore, the Appellants argue that Friedland’s description of a descending price auction is not “relevant.” Br. 15-16. Further, the Appellants argue that there is no teaching or suggestion to modify Friedland since Friedland teaches away from the present method because Friedland’s filters would not be “terribly useful” in a descending price auction and, therefore Friedland teaches away. Br. 16.

The test for obviousness is what the combined teachings of the references would have suggested to one of ordinary skill in the art. *See In re Young*, 927 F.2d 588, 591 (Fed. Cir. 1991) and *In re Keller*, 642 F.2d 413, 425, (CCPA 1981). We note that patents are “revelant for all they contain.” *In re Heck*, 699 F.2d 1331, 1333 (Fed. Cir. 1983).

We find that one of ordinary skill in the art would have been led by Friedland’s teaching of different auction types to modify Friedland’s



preferred embodiment of a distributed live auction (DLA) system to be a descending auction instead of an ascending auction.

The Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 550 U.S. at 415. (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, 550 U.S. at 416. The operative question in this “functional approach” is “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *KSR*, 550 U.S. at 415.

Given Friedland’s DLA system (FF 1) and the teaching that a decreasing price auction is a known type of auction (FF 6), we find that one of ordinary skill in the art would have been led to make the DLA system a decreasing price auction. We find that modifying Friedland’s preferred embodiment to be a decreasing price auction would be nothing more than the predictable use of prior art elements according to their established functions.

Further, we find that Friedland does not teach away from the proposed modification because Friedland’s preferred embodiment describes filters that have criteria designed to decrease network traffic in an ascending auction. “A reference may be said to teach away when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant. *In re Gurley*, 27 F.3d 551, 553 (Fed. Cir. 1994). The fact that the filters in the preferred embodiment have some

criteria related to an ascending price auction does not discourage a person of ordinary skill in the art from modifying Friedland to be a descending price auction. We note that Friedland teaches the filter using “variety of criteria” (FF 4) and that one of ordinary skill in the art would know to modify the criteria for a decreasing price auction.

Accordingly, we find that the Appellants have not overcome the prima facie showing of obviousness, and we sustain the rejection of claim 1 and claim 5, dependent thereon, under §103(a) as being unpatentable over Friedland and Alaia.

*Claim 2*

Claim 2 recites that “the local server comprises a rule database, and requires that the bid identifications transmitted to the central server conforms to rules in the rule database.” The Examiner applied Alaia to teach a local server comprising a rule database. FF 10. The Appellants argue that Alaia does not teach this limitation. Br. 16-17.

However, we find that Friedland’s filters, which are stored on the collector/redistributor nodes (*i.e.* local servers) teaches this limitation. FF 4. The filters require that the bids conform to certain criteria (*i.e.* rules) in order to be passed to the server computer 404 (*i.e.* the central server). *Id.* The criteria must be stored on the collector/redistributor nodes in order for the nodes to do the filtering.

Accordingly, we find that the Appellants have not overcome the prima facie showing of obviousness, and we sustain the rejection of claim 2 under §103(a) as being unpatentable over Friedland and Alaia.

*Claim 3*

Claim 3 recites “wherein the information communicated between the central server and the local server is compressed.” The Appellants argue that it is not obvious to modify Friedland’s distributed live auction system to perform this limitation because there is “no particular motivation” to further process the bids to be compressed. Br. 17. However, the Examiner found that one of ordinary skill in the art would have been led to compress the bids to “to reduce bandwidth and to consequently provide faster (real-time) communication between the central serve and the remote server.” Answer 4.

Accordingly, we find that the Appellants have not overcome the prima facie showing of obviousness, and we sustain the rejection of claim 3 under §103(a) as unpatentable over Friedland and Alaia.

*Claim 4*

Claim 4 recites “wherein information is contained in a data packet comprising quantity remaining information for a plurality of lots.” The Appellants argue that neither Friedland nor Alaia provides an affirmative teaching required to render the claim obvious. Br. 17. The Examiner reasoned that Friedland is transmitting information over the Internet and that data packets are used in a data-packet network, such as the Internet. Answer 4. Therefore, the Examiner concludes it would be obvious to use data packet to transmit information over the Internet. Answer 5. We note that Friedland describes transmitting status messages, which contain the available inventory for an identified lot and a text field for other status updates about the auction. FF 8-9.

The Appellants do not respond to the Examiner's rationale in finding the claim obvious, but only argue that neither reference teaches the limitation. Br. 17. Accordingly, we find that the Appellants have not overcome the prima facie showing of obviousness, and we sustain the rejection of claim 4 under §103(a) as unpatentable over Friedland and Alaia.

*Claims 6 and 7*

Claim 6 recites "receiving bid identifications . . . from the plurality of remote locations by communicating between a set of users and a plurality of remote servers at respective remote locations to interactively define the bid identification." The Appellants argue that neither Friedland nor Alaia teach this limitation. Br. 18.

The Examiner's does not mention this step in the rejection nor point to where in Friedland or Alaia this step is taught. Answer 4-5. With respect to claim 6, the Examiner only states:

In response to applicant's argument that claim 6, a recitation of the intended use of the claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim.

Answer 5. However, claim 6 recites a method and the limitation at issue is not a recitation of intended use, but a positively recited step.

Accordingly, we find that the Appellants have overcome the prima facie showing of obviousness, and we reverse the rejection of claim 6, and claim 7, dependent thereon, under 35 §103(a) as unpatentable over Friedland and Alaia.

*Claims 8-13*

Independent claim 8 recites an auction method with a step of “automatically maintaining synchronization of a clock at each remote location.” The Appellants argue that neither Friedland nor Alaia teach any clock synchronization. Br.19. The Examiner points to “updates to bidders” in column 8, lines 10-50 of Friedland to address this limitation. Answer 5.

However, we find that Friedland, including the portion cited by the Examiner, does not describe a step of automatically maintaining synchronization of a clock at each remote location. FF 11. The updates described in column 8, lines 10-50 of Friedland are auction status updates (FF 7), such as “open-for-bidding” or “sold” (FF 9). They are not described as updates that synchronize clocks at each remote location.

Further, the Examiner has not cited any portion of Alaia or general knowledge in the art to teach a step of automatically maintaining synchronization of a clock at each remote location. The Examiner has not articulated any reasoning with rational underpinning as to why one of ordinary skill in the art would have been led to the method of claim 8, which includes a step of automatically maintaining synchronization of a clock at each remote location. The Examiner has failed to establish a prima facie showing of obviousness in rejecting claim 8.

Accordingly, we find that the Examiner failed to establish a prima facie showing of obviousness, and we reverse the rejection of claims 9-13 under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

*Claims 14-20*

Independent claim 14 recites a step of “prioritizing an award of a quantity of subject to a respective buyer based on a sequence of generation of bids, if received within a bid time window, wherein the sequence is determined based on an automatically synchronized timebase, which maximizes a seller utility.” The Appellants argue that the Examiner has provided no well-reasoned basis for rejecting this claim and that neither Friedland nor Alaia teaches that clock synchronization is necessary. Br. 12

Though not entirely clear, the Examiner seems to have read this limitation out the claim because the examiner considers the limitation to be a conditional limitation. *See* Answer 6. “It is of course true that method steps may be contingent. If the condition for performing a contingent step is not satisfied, the performance recited by the step need not be carried out in order for the claimed method to be performed.” *Cybersettle, Inc. v. Nat’l Arbitration Forum, Inc.*, 243 Fed.Appx. 603, 607 (Fed. Cir. 2007) (unpublished). So when the contingency is satisfied, the recited step must be performed. The prior art must show the condition.

As discussed above with regards to claim 8, we find that Friedland does not teach a synchronized timebase. Therefore, we find that Friedland not does not teach the claimed prioritizing step, wherein the sequence is determined based on an automatically synchronized timebase.

Accordingly, we find that the Appellants have overcome the prima facie showing of obviousness, and we reverse the rejection of claim 14 and claims 15-20, dependent thereon, under 35 U.S.C. 103(a) as unpatentable over Friedland and Alaia.

*Claims 21, 23, 29, 30, 31, and 33*

The Appellants argued claims 21, 23, 29, 30, 31, and 33 as a group (Br. 23). We select claim 21 as the representative claim for this group, and the remaining claims 23, 29, 30, 31, and 33, stand or fall with claim 21. 37 C.F.R. § 41.37(c)(1)(vii) (2009).

Independent claim 21 recites a method for conducting transactions which includes the step of “implementing the set of rules of transaction proximate to a client for ensuring compliance with each of said rules” and the step of “efficiently communicating transaction information from the client to a server complying with said rules.” The Appellants assert that the Examiner admitted that Friedland does not disclose these limitations and that Alaia does not describe these limitations. Br.23. The Examiner does not respond to these arguments. *See Answer 5-7.*

However, as with claim 2 above, we find that Friedland teaches these steps. Friedland describes that the collector/redistributor nodes filter the bids using a variety of criteria and that only valid bids are sent back to the server. FF 4. The claimed rules read on the filter that uses a variety of criteria. Further, Friedland describes that using a hierarchy of these collector/redistributors nodes “efficiently” collects and filters bids and passes potentially winning bids onto the auction server. FF 5. The claimed implementing step and communicating step read on these descriptions.

Accordingly, we find that the Appellants have not overcome the prima facie showing of obviousness, and we sustain the rejection of claim 21, and claims 23, 29, 30, 32, and 33, dependent thereon, under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

*Claim 22*

Claim 22 recites “wherein the rules provide for temporal variations in permissible transaction parameters.” The Appellants argue that there is “no well-reasoned rejection of the claim.” Br. 23. The Examiner does not respond to the Appellants’ argument. *See* Answer 5-7.

We find that the Examiner has failed to establish a prima facie showing of obviousness in rejecting claim 22. In rejecting claims under 35 U.S.C. § 103(a), the examiner bears the initial burden of establishing a prima facie case of obviousness. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *see also In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). The Examiner has provided no articulated reasoning with rational underpinning to reject claim 22 as obvious. “[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR*, 550 US at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). In rejecting claim 22, the Examiner does not cite to any portions of Friedland or Alaia to teach the claimed transaction involving travel tickets nor does the Examiner assert that such transactions involving travel tickets are within the general knowledge of the art. The Examiner’s rejection is silent as to the subject matter of claim 22. *See* Answer 6-7. We are compelled to find that the Examiner erred in rejecting



claim 22 because the Examiner did not establish a prima facie showing of obviousness.

Accordingly, we find that the Examiner has failed to establish a prima facie showing of obviousness, and we reverse the rejection of claim 22 under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

*Claims 24 and 32*

Claims 24 and 32 both require a descending price auction. The Appellants make the same argument as was made with respect to claim 1. As discussed above, we found this argument unpersuasive and, accordingly, find them unpersuasive as to claims 24 and 32.

We find that the Appellants have not overcome the prima facie showing of obviousness, and we reverse the rejection of claims 24 and 32 under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

*Claims 25, 26, 35, and 36*

Claim 25 requires that the subject of the transaction in the method of claim 21 is a travel ticket. The Appellants argue that there is “no well-reasoned rejection of the claim.” Br. 24. The Examiner does not respond to the Appellants’ argument. *See* Answer 5-7.

We find that the Examiner has failed to establish a prima facie showing of obviousness in rejecting claims 25 and 26. In rejecting claims under 35 U.S.C. § 103(a), the examiner bears the initial burden of establishing a prima facie case of obviousness. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *see also In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). The Examiner has provided no articulated reasoning with

rational underpinning to reject claim 25 as obvious. “[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR*, 550 US at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). In rejecting claim 25, the Examiner does not cite to any portions of Friedland or Alaia to teach the claimed transaction involving travel tickets nor does the Examiner assert that such transactions involving travel tickets are within the general knowledge of the art. The Examiner’s rejection is silent as to the subject matter of claim 25. *See* Answer 6-7. We are compelled to find that the Examiner erred in rejecting claim 25 because the Examiner did not establish a prima facie showing of obviousness.

Accordingly, we find that the Examiner has failed to establish a prima facie showing of obviousness, and we reverse the rejection of claim 25 and claims 26, 35 and 36, dependent thereon, under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

#### *Claim 27*

Claim 27 requires that the rules in the method of claim 21 prevent inconsistent itineraries. The Appellants argue that there is “no well-reasoned rejection of the claim” and further argues that “prevention of inconsistent itineraries are nowhere found in the references.” Br.24. The Examiner does not respond to the Appellants’ argument. *See* Answer 5-7.

We find that the Examiner has failed to establish a prima facie showing of obviousness in rejecting claim 27. In rejecting claims under 35 U.S.C. § 103(a), the examiner bears the initial burden of establishing a prima

facie case of obviousness. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *see also In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). The Examiner has provided no articulated reasoning with rational underpinning to reject claim 27 as obvious. “[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR*, 550 US at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). In rejecting claim 27, the Examiner does not cite to any portions of *Friedland* or *Alaia* to teach rules that prevent inconsistency nor does the Examiner assert that such rules are within the general knowledge of the art. The Examiner’s rejection is silent as to the subject matter of claim 27. *See Answer 6-7*. We find that the Examiner erred in rejecting claim 27 because the Examiner did not establish a prima facie showing of obviousness.

Accordingly, we find that the Examiner has failed to establish a prima facie showing of obviousness, and we reverse the rejection of claim 27 under 35 U.S.C. § 103(a) as unpatentable over *Friedland* and *Alaia*.

#### *Claim 28*

Claim 28 recites that “the transaction information transmitted from the client to the server as compressed information in an information packet.” The Appellants make the same argument as was made with respect to claim 4. As discussed above, we found this argument unpersuasive and, accordingly, find them unpersuasive as to claim 28.

We find that the Appellants have not overcome the prima facie showing of obviousness, and we sustain the rejection of claim 28 under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

*Claim 34*

Claim 34 recites that the buyer demand-utility function comprises a non-uniform maximum bid price per incremental unit of subject available.

The Appellants argue that there is “no well-reasoned rejection of the claim” and further argues that the references do not teach this limitation as recited in claim 34. Br. 25. The Examiner does not respond to the Appellants’ argument. *See Answer 5-7.*

We find that the Examiner has failed to establish a prima facie showing of obviousness in rejecting claim 34. In rejecting claims under 35 U.S.C. § 103(a), the examiner bears the initial burden of establishing a prima facie case of obviousness. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *see also In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). The Examiner has provided no articulated reasoning with rational underpinning to reject claim 34 as obvious. “[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR*, 550 US at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). In rejecting claim 34, the Examiner does not cite to any portion of Friedland or Alaia that teaches a buyer demand-utility function comprising a non-uniform maximum bid price per incremental unit of subject available nor does the Examiner assert that it is within the general knowledge of the art. The Examiner’s rejection is silent

as to the subject matter of claim 34. *See* Answer 6-7. We find that the Examiner erred in rejecting claim 34 because the Examiner did not establish a prima facie showing of obviousness.

Accordingly, we find that the Examiner has failed to establish a prima facie showing of obviousness, and we reverse the rejection of claim 34 under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

*Claim 37*

Claim 37 recites that the step of identifying a quantity of subject available and a minimum price is performed using an airline ticket yield management system. We note that the Specification states that an airline yield management system is, also known as, a Revenue Management System. Specification 12:9-11.

The Appellants argue that there is “no well-reasoned rejection of the claim” and further argues that the references do not teach a yield management system as recited in claim 37. Br. 26. The Examiner does not respond to the Appellants’ argument. *See* Answer 5-7.

We find that the Examiner has failed to establish a prima facie showing of obviousness in rejecting claim 37. In rejecting claims under 35 U.S.C. § 103(a), the examiner bears the initial burden of establishing a prima facie case of obviousness. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *see also In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). The Examiner has provided no articulated reasoning with rational underpinning to reject claim 37 as obvious. “[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal

conclusion of obviousness.” *KSR*, 550 US at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). In rejecting claim 37, the Examiner does not cite to any portions of Friedland or Alaia to teach using an airline ticket yield management system to perform the step of identifying a quantity of subjects available and a minimum price nor does the Examiner assert that it is within the general knowledge of the art. The Examiner’s rejection is silent as to the subject matter of claim 37. *See* Answer 6-7. We find that the Examiner erred in rejecting claim 37 because the Examiner did not establish a prima facie showing of obviousness.

Accordingly, we find that the Examiner has failed to establish a prima facie showing of obviousness, and we reverse the rejection of claim 37 under 35 U.S.C. § 103(a) as unpatentable over Friedland and Alaia.

### CONCLUSIONS OF LAW

We conclude that the Appellants have not overcome the prima facie showing of obviousness as to the rejection of claims 1-5, 21, 23, 24, and 28-33 under 35 U.S.C. §103(a) as being unpatentable over Friedland and Alaia.

We conclude that the Examiner failed to establish or the Appellants have overcome the prima facie showing of obviousness as to the rejection of claims 6-20, 22, 25-27, and 34-37 under 35 U.S.C. §103(a) as being unpatentable over Friedland and Alaia.

### DECISION

The decision of the Examiner to reject claims 1-5, 21, 23, 24, and 28-33 is affirmed and to reject claims 6-20, 22, 25-27, and 34-37 is reversed.

Appeal 2009-003999  
Application 09/767,126

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED-IN-PART

mev

ECKERT SEAMANS CHERIN & MELLOTT, LLC  
U.S. STEEL TOWER  
600 GRANT STREET  
PITTSBURGH PA 15219-2788